

AGENDA
FREMONT REDEVELOPMENT AGENCY REGULAR MEETING
JANUARY 13, 2009
7:00 P.M.

1. CALL TO ORDER

2. CONSENT CALENDAR

Items on the Consent Calendar are considered to be routine by the Redevelopment Agency and will be enacted by one motion and one vote. There will be no separate discussion of these items unless an Agency Member or citizen so requests, in which event the item will be removed from the Consent Calendar and considered in its normal sequence on the agenda. Additionally, other items without a "Request to Address the Redevelopment Agency Board" card in opposition may be added to the consent calendar. (In the report section of the agenda, consent items are indicated by an asterisk.)

2.1 Approval of Minutes – None.

3. PUBLIC COMMUNICATIONS

3.1 Oral and Written Communications

4. PUBLIC HEARINGS – None.

5. OTHER BUSINESS

5.1 UPDATE ON FORMER CITY CORPORATION YARD

Staff Update and City Council and Redevelopment Agency Guidance on Potential Disposition and Development of the Former City Corporation Yard Located at 37350 Sequoia Road in the Centerville Redevelopment Project Area

Contact Person:

Name:	Bill Cooper	Elisa Tierney
Title:	Housing Project Manager	Redevelopment Agency Director
Dept.:	Office of Housing & Redevelopment	Office of Housing & Redevelopment
Phone:	510-494-4520	510-494-4501
E-Mail:	bcooper@fremont.gov	etierney@fremont.gov

RECOMMENDATION: Staff recommends that the City Council and Agency Board wait until the Plan Amendment is adopted before taking any action regarding the disposition and development of the former Corporation Yard site.

5.2 EDEN LOAN REQUEST FOR MIXED-USE SENIOR HOMES-3701 PERALTA BOULEVARD

Consideration of a Loan Request from Eden Housing, Inc., for Affordable Housing Funds to Assist with Site Acquisition and Development of a 98-Unit Senior Rental Housing Development with Ancillary Services Planned for 3701 Peralta Boulevard in Centerville

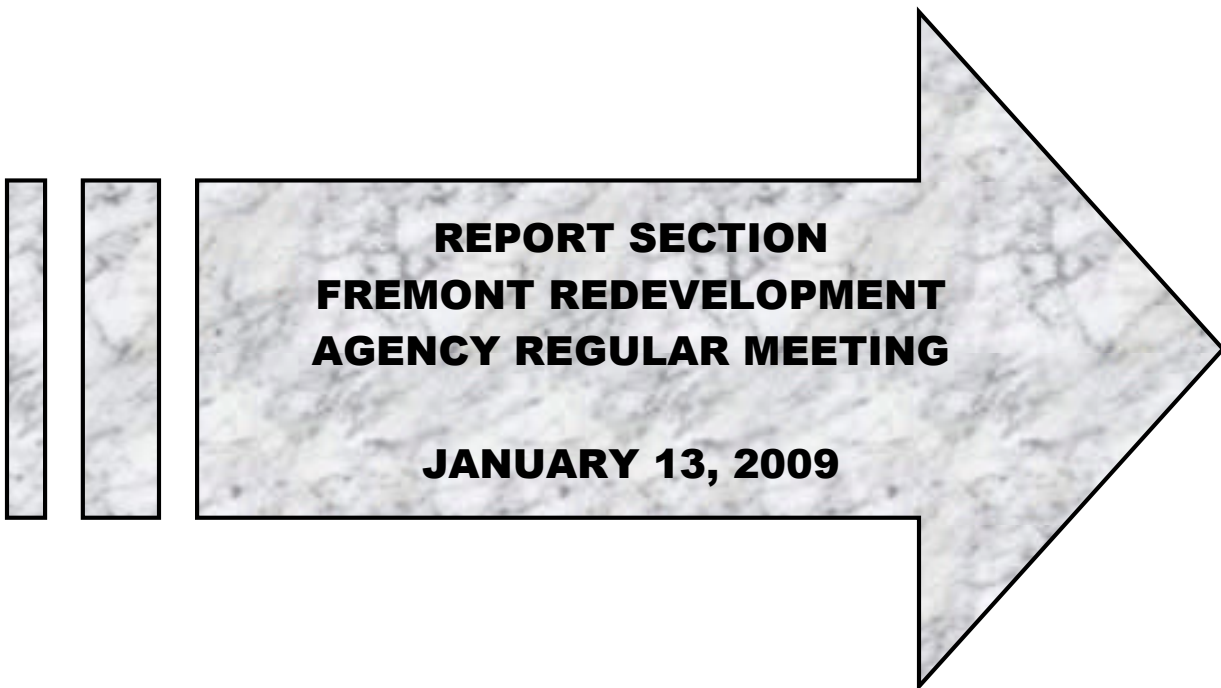
Contact Person:

Name:	Bill Cooper	Elisa Tierney
Title:	Housing Project Manager	Redevelopment Agency Director
Dept.:	Office of Housing & Redevelopment	Office of Housing & Redevelopment
Phone:	510-494-4520	510-494-4501
E-Mail:	bcooper@fremont.gov	etierney@fremont.gov

RECOMMENDATION: Staff recommends that the Agency Board adopt a Resolution to:

1. Approve an additional loan of \$9,982,464 to Eden Housing for acquisition and development, which would increase the total City and Agency funding commitment from \$2,738,157 to \$12,720,621 for the Peralta Boulevard senior housing development, subject to the conditions set forth above in this report; and
2. Authorize the Executive Director or designee to execute the documents necessary to effectuate the Agency loan, as prepared by Agency Special Counsel and approved by Agency General Counsel, and take such other actions as are appropriate to execute the loan documents as approved by Agency Special Counsel and General Counsel; and
3. Approve an appropriation transfer of \$4,000,000 from #911HHD6100 to Eden Housing Centerville Project, #911HHD6112; and
4. Approve a new appropriation of \$5,982,464 from un-appropriated fund balance of the Low and Moderate Income Housing Fund, fund 911, to Eden Housing Centerville Project, 911HHD6112.

6. ADJOURNMENT



5.1 UPDATE ON FORMER CITY CORPORATION YARD

Staff Update and City Council and Redevelopment Agency Guidance on Potential Disposition and Development of the Former City Corporation Yard Located at 37350 Sequoia Road in the Centerville Redevelopment Project Area

Contact Person:

Name:	Bill Cooper	Elisa Tierney
Title:	Housing Project Manager	Redevelopment Agency Director
Dept.:	Office of Housing & Redevelopment	Office of Housing & Redevelopment
Phone:	510-494-4520	510-494-4501
E-Mail:	bcooper@fremont.gov	etierney@fremont.gov

Note: A companion item is included on tonight's City Council Agenda.

Executive Summary: Staff is providing an update on the status of the former City Corporation Yard and requesting City Council and Redevelopment Agency guidance on the potential disposition and development of the City-owned site located on Sequoia Road in Centerville. Staff proposes the following possible alternatives for the City Council and Agency Board to consider in regards to taking action on this item: (1) the City Council and Agency Board wait for the Plan Amendment to be adopted before taking action (staff's recommendation); or (2) the City sells the land on the open market and uses the proceeds to purchase an alternate site to develop affordable housing. Staff recommends that the City Council and Agency Board wait until the Plan Amendment is adopted before taking any action regarding the disposition and development of the former Corporation Yard site.

BACKGROUND: On February 26, 2008, staff updated the City Council on current affordable housing projects and requested the Council's guidance on the possible use of the former City Corporation Yard for affordable housing development. The City Council generally supported the idea of affordable or mixed income housing on the site but requested staff return at a future City Council meeting to respond to questions and concerns raised by the City Council, and to provide more detail about possible development alternatives. What follows is a summary of the key issues regarding the site.

Site Land Area: Table 1 below summarizes land use information about the site:

TABLE 1: SUMMARY OF PERTINENT FACTS	
Property Location:	37350 Sequoia Road, Fremont (APN 501-1310-009-02)
Gross Site Area (GLA):	+/-4.89-acres (213,008-sf)
Net Buildable Area for Buildings (GLA less easements and setbacks):	+/-3.11-acres (135,472-sf)
Current Zoning:	R-G-19, Garden Apartment Residence District, 1,900-sf minimum lot size per acre
General Plan:	Residential High Density, 23 to 27 dwelling units per acre

Site Constraints: While the site and surrounding area are relatively level, a water reservoir is located along the property's eastern boundary. A 2005 geotechnical slope stability analysis prepared by an outside engineering firm concluded that the property's eastern bank along the reservoir could be potentially unstable during a major earthquake. The incident of risk would increase significantly if the water level were allowed to fall below current elevations. As a result, there is a 60-foot setback requirement along the site's eastern edge, which renders that portion of the site suitable only for parking or landscaping. However, the geotechnical report stated that the instability issue could be mitigated by applying stabilizing methods at an estimated cost of \$1.0 million (in 2005). In addition, the site is subject to easements which further reduce its buildable area. A site plan identifying the site's easements and set-backs is included in the enclosures to this staff report.

The Sequoia Road site is located approximately ¼ mile from the Centerville Train Depot on Fremont Boulevard; however, pedestrian access is not available between the two points because they are separated by active railroad tracks. These adjacent Union Pacific (UP) railroad tracks serve as a barrier by preventing access to Peralta Boulevard, which leads directly to the Train Depot. As a result of this barrier, the site would not be considered a transit-oriented development (TOD) site, which is discussed further in this report.

Site Cleanup Status: In August 2004, the City Council directed staff to proceed with cleanup, demolition and other work necessary to prepare the former Corporation Yard for sale. The site has been cleared of hazardous material and contamination, and buildings have been demolished with the exception of concrete foundations, sidewalks, fencing and asphalt paving. The cleanup work has been closed out by the Fremont Fire Department, and staff is awaiting the formal close-out letter from the State Water Resources Quality Control Board, anticipated by the end of December 2008.

Estimated Sales Proceeds: In November 2007, an appraisal was completed for the property, which estimated the value at approximately \$8 million after minor deductions for demolition and debris removal. If the City were to sell the property at market value, and net out all City costs to date (e.g., cleanup, demolition, staff time, appraisal work), net proceeds could be as much as \$6.5-\$6.9 million.

Financing options: The Redevelopment Agency has limited funding available in its Housing Fund and, given other existing projects, and ongoing programs, it is highly unlikely the Agency's Housing Fund would have the resources available to take on any other new affordable housing projects without borrowing. Recently, the Agency Board approved funding for two new projects: Eden Housing's Peralta Boulevard Senior project, for which the Agency Board has committed \$2.25 million (with an additional request of \$9.98 million to be considered by the Agency Board this evening); and Allied Housing's Main Street Village project, for which the Agency Board has committed \$3.219 million. As these projects continue moving forward, it is likely that they will require additional resources to cover contingencies and potential cost overruns, thereby further limiting the Agency's ability to assist new housing projects.

An additional constraint is the most recent proposal from the State's Legislative Analyst's Office to make permanent the Educational Revenue Augmentation Fund (ERAF) raid on agencies. If this proposal becomes effective for Fremont it would mean an annual takeaway of \$2.3-\$2.6 million, and would amount to an approximately \$8.5 million reduction in Agency's non-housing revenues through FY

2011/12. This would significantly decrease the balance of the Agency's non-housing revenues, thereby further limiting the Agency's capacity to lend funds to the housing projects.

At the last meeting, the Council considered the idea of a bridge - or short term loan from the Agency's non-housing fund to the Agency's Housing Fund in order to purchase the site. Under this scenario, repayment would be made only if and when the Plan Amendment occurs (the Plan Amendment would increase the tax increment revenue cap to provide the Agency with additional financing resources). However, given the significant possibility of additional State (ERAF) takeaways, it would be difficult for the non-housing fund to lend the funds without jeopardizing other non-housing projects. Moreover, since the site would have considerable value if it were sold on the open market, the City may not want to limit itself to a scenario in which repayment is made only if the Plan Amendment is adopted.

A final alternative would be to wait: if the Agency is successful in its Plan Amendment efforts to raise the tax increment cap, then the Agency would have additional housing funds to put towards affordable housing projects, such as the former Corporation Yard site.

Site Development Alternatives: To get a sense of what could be developed on the site, staff worked with Field Paoli Architects and Dan Lopez, an affordable housing financial consultant, to create development alternatives and to look at affordable housing financing options to determine the level of Agency affordable housing subsidy that may be required to assist in developing affordable housing. The three housing development alternatives, Scheme A (112 affordable units), Scheme B (76 market-rate and 76 affordable units) and Scheme C (72 market-rate and 130 affordable units), along with the associated density, affordability, estimated development cost and financing gap, are summarized in Table 2, below. Also, draft site plans assumed for Schemes A-C are included as an enclosure to this report:

TABLE 2: DEVELOPMENT ALTERNATIVES - SCHEMES A, B & C			
	Scheme A (100% Affordable)	Scheme B (Mixed- Income)	Scheme C (Mixed- Income)
No. of Housing Units:			
Market Rate Housing	0	76	72
Affordable Housing	112	76	130
Total Housing Units	112	152	202
Percent of Units Affordable	100%	50%	64%
Density	36 du/ac	48.9 du/ac	65 du/ac
Affordability:	% of AMI	% of AMI	% of AMI
4% Tax Credits w/Tax Exempt Bonds	50-60%	50-60%	50-60%
4% Tax Credits w/Tax-Exempt Bonds & MHP	30-60%	30-60%	30-60%
9% Tax Credits	30-50%	30-50%	30-50%

TABLE 2: DEVELOPMENT ALTERNATIVES - SCHEMES A, B & C			
Affordable Housing Cost & Financing Gap Summary (Millions):			
Estimated Total Development Cost	\$42.9	\$32.9	\$56.6
Financing Gap:			
4% Tax Credits w/Tax Exempt Bonds Gap per unit	\$25.2 (\$225,000)	\$18.8 (\$247,000)	\$24.8 (\$191,000)
4% Tax Credits w/Tax-Exempt Bonds & MHP Gap per unit	\$19.0 (\$170,000)	\$14.7 (\$193,000)	\$19.2 (\$148,000)
9% Tax Credits Gap per unit	\$22.2 (\$198,000)	\$13.5 (\$178,000)	\$22.6 (\$174,000)
Key: du/ac=dwelling units per acre; AMI=Area Median Income; MHP= State Multifamily Housing Program loan			
Note: Estimated Total Development Cost and Permanent Financing Gap are expressed in millions. The associated per affordable unit financing gap is indicated in the parenthesis and stated in actual dollars, rounded. The Financing Gap includes the cost of land (\$8 million cost assumption).			

The top portion of Table 2 summarizes the number of market-rate and affordable units and density (unit per acre) assumed for Schemes A-C. The middle portion of the table contains the income ranges targeted for the affordable units expressed as a percent of area median income, based on the assumed affordable housing financing options. The bottom portion of Table 2 summarizes estimated total development cost and the associated financing gap (per affordable unit financing gap in parenthesis) that results from financing the affordable housing units assuming (1) 4% tax credits and tax-exempt bonds, (2) 4% tax credits with tax-exempt bonds and State Multifamily Housing Program (MHP) loan, or (3) 9% tax credits.

The estimated financing gaps for the affordable units range from \$13.5 million (\$178,000 per unit) to \$25.2 million (\$225,000 per unit) and include the cost of land, estimated at \$8 million. The mixed-income alternatives assume that part of the land would be sold to the market-rate developer and the proceeds used to subsidize the affordable units. A developer would be expected to look at the universe of available funding sources to close a project's funding gap; however, affordable housing developers generally expect the local jurisdiction to assist with closing any remaining financing gap. Staff cautions that the development cost numbers provided by the consultant are estimates and do not necessarily reflect the actual cost to develop the units presented in this report.

Other Alternative Site Uses: The Sequoia Road site is located in a residential neighborhood surrounded by existing multifamily residential developments (apartments and condominiums). Should affordable or mixed-income housing not be developed on the site, an alternative use, consistent with existing uses, would be market rate housing at 23-27 dwelling units per acre.

Access Issues and Alternate Sites: The physical barrier of the UP railroad tracks between the site and the Centerville Train Depot makes it doubtful that the site would be eligible for funding as a transit-oriented development site (TOD). TOD sites are often measured by a 5-10 minute walking distance (generally ¼ to ½ mile distance) from the edge of the development to the transit station. It is a 1.2 mile walk to the Train Depot on City public streets and sidewalks. By walking on an unimproved path along the railroad tracks on railroad right-of-way the distance is ¼ mile to the Train Depot.

Adjacent to the project site (separated by Sequoia Road), and situated alongside the UP right-of-way, are the Baywood Villas condominiums. Staff has contacted Baywood Villas's homeowner's association to determine whether they would allow public access on their property to provide part of a pedestrian path to the Train Depot. A representative of the association will discuss this issue with the association board and respond to staff. If such a pedestrian path should not prove possible, then the only other alternative would be to head north on Paseo Padre Boulevard, then west on Thornton Avenue to Fremont Boulevard to the station. As noted above this distance is approximately 1.2 miles.

When applying for affordable housing development funds such as tax credits and State funding, projects score well on their applications when amenities are generally less than one mile from the site. The Sequoia Road site would likely not score well because basic amenities are greater than one mile from the site when considering the barrier created by the railroad tracks. The distance of basic amenities to the site are: Centerville Train Depot-1.2 miles; large grocery store and pharmacy in shopping center located at Fremont Boulevard and Nicolet Avenue-1.3 miles; American High School-0.9 miles; Centerville Jr. High School-1.2 miles; and AC Transit bus stop (limited hours)-.25 miles.

At its February meeting, the City Council discussed TOD site issues and alternative sites in the event that direct pedestrian access would not prove feasible. The Council requested staff research other potential sites closer to transit stations and other amenities and, therefore, more suitable as TOD housing development. Staff looked at a number of sites throughout the City that would be appropriate for affordable housing development, evaluating them primarily on size and proximity to amenities, such as public transportation, and services, such as grocery stores and schools. The staff report does not include a list of all sites considered because the owners have not been contacted.

One site where staff has been in contact with the owner is the Islander Motel site located on Mowry Avenue across the street from the Fremont Hub Shopping Center, which contains a large grocery store and other amenities. The Islander site would be appropriate for affordable housing if it could be combined with three vacant, adjacent sites to create a 2.2-acre development site. It is not likely the sites can be assembled at this time because the Islander's owner has recently completed substantial repairs on the motel and does not appear interested in selling the property in the near future.

There are several underutilized parcels located on the east side of Osgood Road north of Blacow Road in the Irvington Project Area that may be worth exploring for future affordable housing development. These parcels total approximately 14 acres and were rezoned as part of the General Plan update to allow at least 30 dwelling units per acre. These sites are located within 0.5 miles of the future Irvington BART station, 0.6 miles from a shopping center on Fremont Boulevard with a large grocery store and less than a mile from Grimmer Elementary School and Mission Valley Elementary School. Developing housing would require purchasing and assembling available parcels, which have multiple owners. Also, some of

the properties are impacted by a fault line and steep grades. Developing housing would also displace current industrial uses.

Pedestrian Crossing: As noted earlier, there is no easy access from the site to the Centerville Train Depot due to the barrier of the UP railroad tracks. With the approval of UP, it might be possible to build a pedestrian bridge or tunnel to allow pedestrians to safely cross the railroad tracks at Sequoia Road to access Peralta Boulevard, which leads directly to the station, a distance of about 0.3 miles. Such alternatives would be costly and could add as much as \$1-\$5 million in additional project costs.

Fiscal Impact/ Funding Availability: As discussed earlier, the Agency has a limited amount of affordable housing funds to invest in new projects. Although the Agency is actively pursuing a Plan Amendment to raise the tax increment revenue cap, until such a Plan Amendment has been adopted, the Agency cannot commit to additional funding over and above its current projection of available revenues. The schedule for the Plan Amendment anticipates its adoption in late fall 2009. Given the Agency's commitments to the Eden/Peralta Boulevard and Allied/Main Street projects, and given the prospect of Agency funds being diverted to the State, it seems prudent to wait for Plan Amendment adoption to pursue additional projects, such as the purchase of the former Corporation Yard site.

Options for Action: Based on the issues presented in this report, staff proposes the following possible alternatives for the City Council and Agency Board to consider in regards to taking action on this item:

1. The City Council and Agency Board wait for the Plan Amendment to be adopted before taking action (if approved, the Plan Amendment would be adopted in late fall 2009, based on current information). Staff recommends option 1.
2. The City sells the land on the open market and uses the proceeds to purchase an alternate site more appropriate for developing affordable housing.

ENCLOSURES:

- Aerials
- Site plan

RECOMMENDATION: Staff recommends that the City Council and Agency Board wait until the Plan Amendment is adopted before taking any action regarding the disposition and development of the former Corporation Yard site.

5.2 EDEN LOAN REQUEST FOR MIXED-USE SENIOR HOMES-3701 PERALTA BOULEVARD

Consideration of a Loan Request from Eden Housing, Inc., for Affordable Housing Funds to Assist with Site Acquisition and Development of a 98-Unit Senior Rental Housing Development with Ancillary Services Planned for 3701 Peralta Boulevard in Centerville

Contact Person:

Name:	Bill Cooper	Elisa Tierney
Title:	Housing Project Manager	Redevelopment Agency Director
Dept.:	Office of Housing & Redevelopment	Office of Housing & Redevelopment
Phone:	510-494-4520	510-494-4501
E-Mail:	bcooper@fremont.gov	etierney@fremont.gov

Executive Summary: Eden Housing, Inc., proposes to develop a 98-unit senior rental housing development with ancillary services on Peralta Boulevard in Centerville. Eden is requesting the Agency Board approve \$9,982,464 in additional affordable housing funds to assist with acquisition and development costs. To date, the Agency and City have approved \$2,738,157 for the development. If the additional loan is approved, the Agency and City's total financing commitment would be \$12,720,621 (\$129,802 per unit). Staff recommends approval of the additional loan request.

Staff recommends that the Agency Board adopt a Resolution to:

1. Approve an additional loan of \$9,982,464 to Eden Housing for acquisition and development which, when added to the prior City and Agency \$2,738,157 loan commitment (\$850,000-Agency Housing set-aside funds, \$488,157-City CDBG funds and \$1,400,000-HOME Program funds), increases the total loan commitment to \$12,720,621, subject to the conditions set forth above in this report; and
2. Authorize the Executive Director or designee to execute the documents necessary to effectuate the Agency loan, as prepared by Agency Special Counsel and approved by Agency General Counsel, and take such other actions as are appropriate to execute the loan documents as approved by Agency Special Counsel and General Counsel; and
3. Approve an appropriation transfer of \$4,000,000 from #911HHD6100 to Eden Housing Centerville Project #911HHD6112; and
4. Approve a new appropriation of \$5,982,464 from un-appropriated fund balance of the Low and Moderate Income Housing Fund, fund 911, to Eden Housing Centerville Project, 911HHD6112.

BACKGROUND: Eden Housing proposes to develop a mixed-used senior rental housing development consisting of 98 apartments and office space for a senior day/health care provider. The development will also provide space for a satellite office for the City's Senior Support Services division of Human Services. The project will be located at 3701, 3683 and 3699 Peralta Boulevard, a 2.98-acre site located in the Centerville Redevelopment Project Area. In June 2007, Eden and the property owner entered into a purchase and sale agreement for Eden to buy the site, which has 2 commercial buildings occupied by a banquet facility (Golden Peacock Banquet Hall and Restaurant) and other small businesses. Since executing the purchase agreement, Eden has been working with staff and the community, and completing predevelopment tasks required to determine the project's feasibility.

The City Council and Redevelopment Agency Board have taken the following actions regarding the project:

- On July 10, 2007, the Agency Board approved a \$250,000 predevelopment loan funded by Agency affordable housing funds (tax increment). To date, \$249,810 has been disbursed to reimburse Eden for predevelopment expenditures.
- On April 22, 2008, the City Council approved a \$488,157 Community Development Block Grant appropriation (CDBG) to assist with site acquisition. No CDBG funds have been disbursed.
- On June 17, 2008 and July 22, 2008, the City Council and Agency Board approved a \$2,000,000 loan to demonstrate the City's commitment to the project for purposes of securing HUD financing (see below). This loan, to assist with site acquisition, will be funded with \$1,400,000 of federal HOME Program funds and \$600,000 of Agency affordable housing funds. No acquisition funds have been disbursed.
- On November 18, 2008, the City Council, following the Planning Commission's recommendation, approved a Preliminary and Precise Planned District (P-2009-15), an accompanying Vesting Tentative Parcel Map (VTPM 9835) for condominium purposes, and a Preliminary Grading Plan to allow the development of a mixed-use project to include 98 units of senior housing on a 2.98-acre site located in the Centerville Planning Area.

To date, \$2,738,157 of City and Agency funds have been committed to the project.

Project Description: Eden proposes to develop:

- 98 apartments -- 89 one-bedroom apartments and 9 two-bedroom apartments -- for extremely-low and very-low income seniors totaling approximately 93,700 square feet on three stories at a density of 33 dwelling units per acre.
- 9,300 square feet of office space to be occupied by On Lok, Inc., a senior day/health care provider, and a satellite office for the City's Senior Support Services division of Human Services.
- 110 at-grade surface parking spaces for tenants, customers and guests.
- Approximately 29,400 square feet of common area, including a community room with warming kitchen, an internet-connected computer lab, lobbies and a library.
- Approximately 12,000 square feet of common open space within the center courtyard.
- Private patios (48 square feet) for 14 apartments on the first floor and private balconies (64 square feet) for 15 apartments each on the second and third floors.

Preparing the site for development will require the relocation of existing businesses, the removal of the two commercial structures, and site clearance. Eden has been consulting with a relocation specialist to assure compliance with applicable relocation law regarding the businesses.

Project Financing: Eden proposes to finance the development primarily through the U. S. Department of Housing and Urban Development (HUD) Section 202 Supportive Housing for the Elderly (HUD 202) program, noncompetitive 4% tax credits and local funding. Eden's current proforma estimates the project's total development cost to be \$41,987,134. Below is a summary of Eden's sources and uses budget for the 98-unit development, which segregates residential and commercial line items:

CHART 1: SOURCES AND USES (98 RESIDENTIAL UNITS)			
SOURCES:	Residential	Commercial	Total
HUD 202 Capital Advance	\$13,371,781		\$13,371,781
City of Fremont-Already Committed ¹	2,738,157		2,738,157
Alameda County-Mental Health Services Act (MHSA) ¹	1,000,000		1,000,000
Prop 1C Infill Infrastructure	500,000		500,000
Construction Financing			
FHLB Affordable Housing Program (AHP)	490,000		490,000
Tax Credit Equity (4%)	11,462,618		11,462,618
Green Building Grants	50,000		50,000
Senior Health Center Funding ²	0	2,392,114	2,392,114
Total Sources	\$29,612,556	\$2,392,114	\$32,004,670
USES:			
Site Acquisition	\$6,366,504	\$633,496	\$7,000,000
Lease Buyouts and Relocation	1,168,708	116,292	1,285,000
Site Demolition, Holding Cost & Maintenance	389,848	35,152	425,000
Construction Consultants (architects, engineers, environmental testing, construction estimating)	1,379,416	85,102	1,464,518
Construction Hard Cost (includes on-site & off-site improvements, contingency)	22,199,585	1,345,915	23,545,500
Permits & Fees	2,309,367	140,633	2,450,000
Developer Fee	2,300,000	0	2,300,000
Partnership Management	298,448	0	298,448
City Monitoring Fee Reserve	59,690	0	59,690
Reserves & Other Indirect Costs	388,299	4,698	392,997
Soft Cost Contingency	125,606	7,649	133,255
Finance and Carrying Costs	2,467,750	23,177	2,490,927
Tax Credit Syndication Expenses	141,799	0	141,799
Total Uses (Total Development Cost/TDC)	\$39,595,020	\$2,392,114	\$41,987,134
Gap Funding Required	\$9,982,464	\$0	\$9,982,464
Note 1: Funding source committed.			
Note 2: On Lok, Inc., a senior day/health care provider, will occupy the office space and provide the Senior Health Center funding which pays for the non-residential share of the development's cost.			

HUD 202 financing, a competitive award, would provide both a capital and an ongoing operating subsidy that would allow Eden to charge each senior rent equivalent to 30% of his or her income. All the units would serve seniors with household incomes at or below 35% of area median income, which equates to an annual income of \$21,100 for a one-person household considered extremely low income.

For all 98 apartments, (10 units MHSA) will be targeted to seniors up to 16% of area median income, 79 units up to 20% of area median income and 8 units up to 35% of area median income. One two-bedroom unit will be for the resident manager. Eden submitted its funding application to HUD for Section 202 funding in July 2008, and should be hearing soon whether HUD has awarded funding to the project.

Funding Gap and Loan Request: The project's current financing plan shows a \$9,982,464 financing gap which Eden is requesting the Agency fill. This additional \$9,982,464 million loan request would be used to acquire the project site and to cover development costs. Should the Agency Board approve the additional funding, total City and Agency funds committed to the project would be \$12,720,621 (\$129,802 per unit), which consists of the \$9,982,464 current loan request and the \$2,738,157 prior commitment. The Agency Board has previously approved subsidies for affordable housing projects that range from \$88,000/unit (Fremont Oak Gardens) to \$185,000/unit (Rotary Bridgeway Apartments).

Due to the depressed economy, tax credit pricing has fallen dramatically in the past months. As a result, affordable housing developers are receiving less equity from tax credit investors, which increases a project's financing gap. Should tax credit pricing improve between now and the time Eden sells the tax credits for this project, the developer will use the additional equity to reduce the Agency's gap contribution. Conversely, should tax credit pricing fall further, the project may be facing an additional financing gap that Eden will need to address.

Staff recommends that the Agency Board approve Eden's loan request. If approved, the \$9,982,464 current loan request and the \$2,738,157 prior loan commitment would be combined into one \$12,720,621 loan to be secured by the property, and subject to a regulatory agreement imposing affordability and maintenance requirements. The combined loan would have a 3% simple-interest rate, 55-year term and be repaid from residual receipts. If Eden is not successful in securing a HUD 202 award this round, the developer intends to apply again for HUD 202 financing later in 2009. Eden will also apply for competitive 9% tax credits in the first 2009 tax credit application round (anticipated March 2009) if the project is not awarded HUD 202 funds in the current round.

Community Outreach: On April 28, 2008, Eden hosted a kickoff community meeting at the Golden Peacock banquet facility. Notices were mailed to property owners and residents located within 1,000 feet of the project site. Approximately 12 people attended. On May 28, 2008 and November 12, 2008, Eden attended Centerville Business and Community Association meetings to discuss the project and to introduce On Lok, Inc., to the community. Eden will continue its community outreach efforts as the project progresses.

Environmental Review: This project is not subject to the California Environmental Quality Act (CEQA) per Public Resources Code Section 21159.23 for affordable housing in-fill projects. However, the project will need to comply with all National Environmental Protection Act (NEPA) requirements due to the federal Community Development Block Grant and HOME Program funding the project has received.

Benefit to Project Area and Housing Element Compliance: The development of housing on the Peralta Boulevard site will benefit the Centerville Redevelopment Project Area by providing new, affordable housing for the residents of the area. All the units proposed by Eden would count towards meeting the very low income housing need for Housing Element compliance purposes.

Preliminary Development Timeline (Assumes HUD 202 Funding Secured):

<i>Date</i>	<i>Action</i>
1/13/09	Agency Board considers acquisition and development loan request
2/2009	HUD 202 awards announced
3/15/09	Agency and County of Alameda loans close; Eden closes escrow on the property
4/30/09	Developer submits building permit application
10/1/09	Developer pulls building permit
Oct-Dec 2009	Four (4) month Notices to Vacate sent to tenants
Feb 2010	Developer submits application for bond financing through California Debt Limit Allocation Committee (CDLAC).
Feb 2010	Developer submits 4% Tax Credit Application to State Tax Credit Allocation Committee (TCAC)
Feb-Apr 2010	Target date for all tenants to be relocated
Jun 2010	Bond closing date and commencement of construction
2012	Completion of construction (within 24 months of construction commencement)
2012	100% occupancy (within 6 months of completion of construction)

ENCLOSURES:

- Draft Resolution
- Aerial Map
- Site Plan

RECOMMENDATION: Staff recommends that the Agency Board adopt a Resolution to:

1. Approve an additional loan of \$9,982,464 to Eden Housing for acquisition and development, which would increase the total City and Agency funding commitment from \$2,738,157 to \$12,720,621 for the Peralta Boulevard senior housing development, subject to the conditions set forth above in this report; and
2. Authorize the Executive Director or designee to execute the documents necessary to effectuate the Agency loan, as prepared by Agency Special Counsel and approved by Agency General Counsel, and take such other actions as are appropriate to execute the loan documents as approved by Agency Special Counsel and General Counsel; and
3. Approve an appropriation transfer of \$4,000,000 from #911HHD6100 to Eden Housing Centerville Project, #911HHD6112; and
4. Approve a new appropriation of \$5,982,464 from un-appropriated fund balance of the Low and Moderate Income Housing Fund, fund 911, to Eden Housing Centerville Project, 911HHD6112.